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SUBJECT: USUN MEETS WITH NEW CMP EXECUTIVE DIRECTOR

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On Thursday, August 2, 2007, USUN Ambassador Mark Wallace, Management and Reform section counsellor Bruce Rashkow and adviser LeRoy Potts met for the first time with incoming Assistant Secretary General Michael Adlerstein, to discuss the Capital Master Plan. Adlerstein who also holds the title of CMP Executive Director sat down with Wallace, Rashkow, and Potts and gave his perspective on where the CMP project stood in light of the recent GAO and Board of Auditor reports that suggest the CMP is already over budget by as much as \$148 million. In addition, Adlerstein discussed the significance of naming Skanska as CMP Construction Manager and the possibility of keeping the \$1.9 billion renovation project within budget and on time.

Adlerstein had been on the job 3 days when he met with the USUN management and reform officers. He is well aware that his "honeymoon" period would be short lived given the complexity and cost of the CMP project, the various federal and local constituencies with a vested interest in the success of the project, and recent calls by Secretary General Ban Ki Moon and others for the renovation to achieve LEED certification as a "green" building.

Adlerstein suspects that there is some "fat" in the overall budget to incorporate both security and green initiatives but he will have a better sense once Skanska, the new construction manager has had a chance to review the project. He believes Skanska will be able to report to the CMP office in 3 months time with (1) a realistic estimate of the full cost of the project and (2) where savings can be realized to bring the project within the GA approved budget.

Although he noted a "pause" in the progress of the CMP, Adlerstein also acknowledged that important aspects of the project continued to move ahead such as the search for leased swing space and design elements for the temporary General Assembly building. He envisions the temporary General Assembly building can be completed within a year. Under this scenario the 64th General Assembly could have use of the temporary facility in 2009.

Ambassador Wallace emphasized to Adlerstein the importance of keeping the CMP within the original scope and budget as it was sold to the USG. Adlerstein, with his extensive background in project management committed himself to being fiscally responsible and offered to tweak the budget wherever necessary in order to comply with the GA approved budget. In addition, he also committed to making frequent briefings to the UNs Fifth Committee and other delegates on CMP progress.

In reftel, USUN reported three letters having been sent from Ambassador Wallace to Under-Secretary General for Management Alicia Barcena requesting information on the status of the CMP. Last week in a July 30 letter to Ambassador Wallace, Barcena explained that although the cost to complete the CMP is "technically" over budget, no unforeseen costs have been expended to date and initial expenditure on design,

preparation of construction documents, and support services by staff and consultants are within budget

Comment: Michael Adlerstein in his first meeting with USUN staff as CMP executive director conveyed confidence in his resolve to bring the CMP project within budget. He understands US concern with the CMP's slow start and the related cost implications for every month of delay. Upcoming GAO and IO/MPR visits to meet with Adlerstein will also serve to reinforce USG concern regarding the cost of the project. In addition to budgetary concerns, Adlerstein also faces the problem of resolving the UN's dispute with the city over fire and safety code violations. Some 800 plus fire code violations remain and New York City officials have threatened in the past to take some action against the UN if it does not move quickly enough to address this problem. Adlerstein may call on USUN to act as an intermediary with the city of New York.

KHALILZAD